THE Livestock SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE
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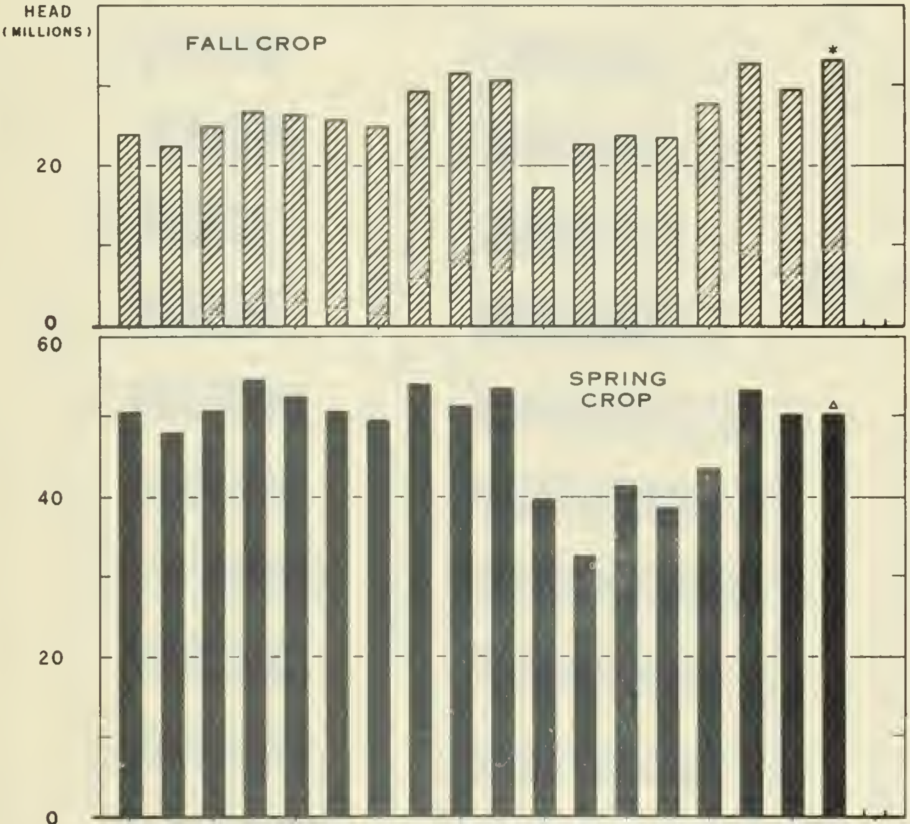
1941-42 HOG OUTLOOK IN THIS ISSUE

SPRING AND FALL PIG CROPS, UNITED STATES, 1924-41



*BASED ON NUMBER OF SOWS INDICATED TO FARROW IN FALL OF 1941 AND NUMBER OF PIGS SAVED PER LITTER IN FALL OF 1940
△PRELIMINARY DATA FROM A. M. S.

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The downward trend in hog production, which began in 1940, has been halted. The 1941 spring pig crop, instead of being 10-15 percent smaller than a year earlier as seemed likely last winter, was about the same as that of 1940, and a material increase in the 1941 fall crop is expected. The number of sows indicated to farrow this fall is 13 percent larger than in the fall of 1940, and the combined 1941 spring and fall pig crops may total about 83 million head, 3.5 million head more than the 1940 crop.

SPRING PIG CROP, AND INSPECTED HOG SLAUGHTER DURING FOLLOWING OCT.-APR., UNITED STATES, 1927-41

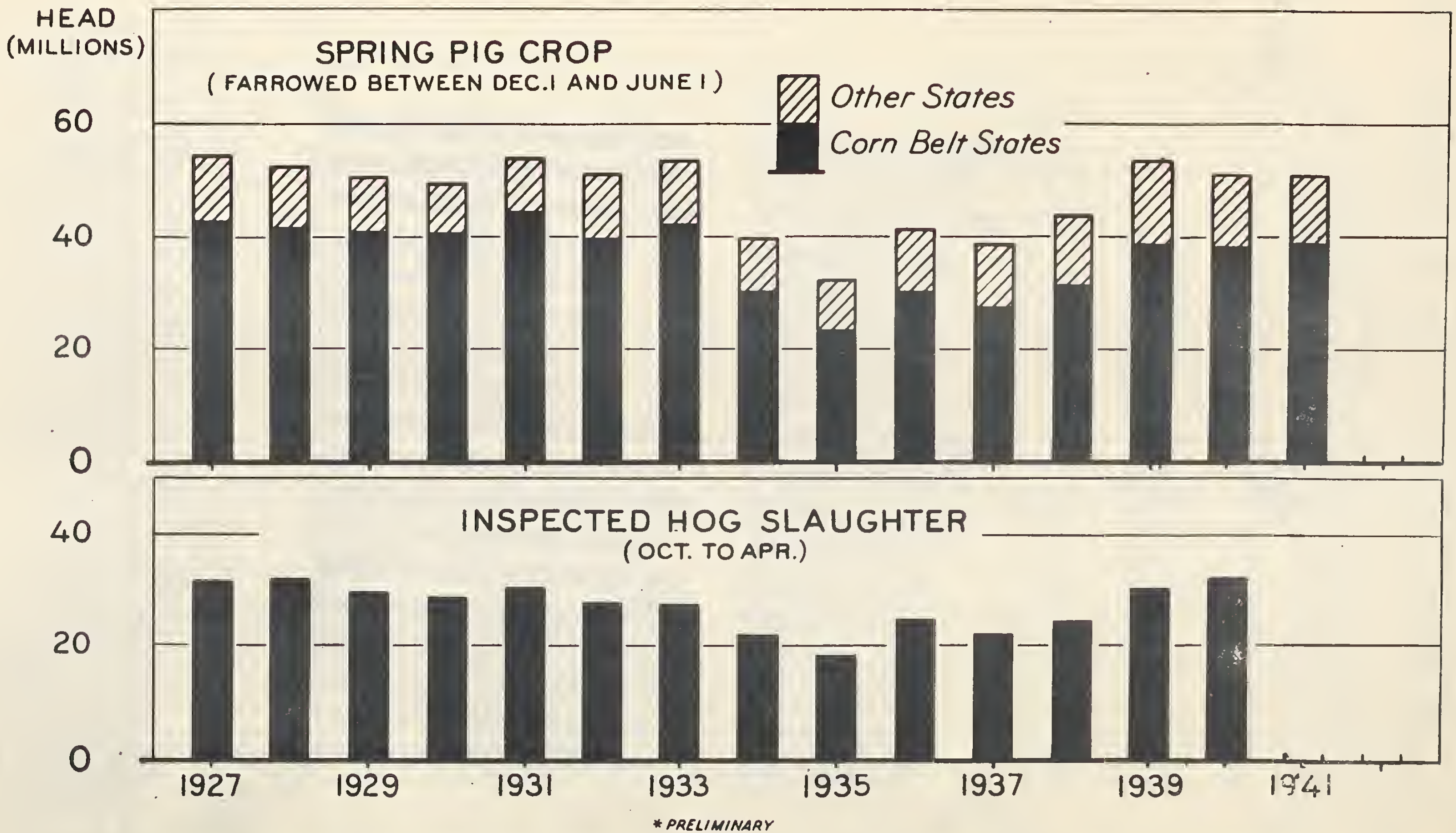

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FIG. 1- THE PRELIMINARY ESTIMATE OF THE 1941 SPRING PIG CROP IS LITTLE DIFFERENT FROM THE REVISED ESTIMATE OF LAST YEAR'S SPRING CROP. HOWEVER, HOG SLAUGHTER IN THE FIRST 7 MONTHS OF THE 1941-42 MARKETING YEAR (WHICH BEGINS OCTOBER 1) MAY BE A LITTLE SMALLER THAN IT WAS IN THE CORRESPONDING MONTHS OF 1940-41 WHEN IT WAS THE SECOND LARGEST FOR THE PERIOD ON RECORD.

THE LIVESTOCK SITUATION

Summary

The downward trend in hog production which began in 1940 has been halted. The 1941 spring pig crop, instead of being 10-15 percent smaller than a year earlier as seemed likely last December, was about the same as that of 1940, and this year's fall pig crop probably will be materially larger than that of last year. The number of pigs saved during the past spring totaled slightly more than 50 million head. The number of sows indicated to farrow during the 1941 fall season (June-November) is 13 percent greater than in the fall of 1940, and if the number of pigs saved per litter is about the same this fall as last, the total 1941 pig crop will be about 83 million head, compared with the revised estimate of 79.5 million head for 1940.

Although the 1941 spring pig crop is about the same as that of 1940, supplies of hogs this fall and early winter probably will be smaller than the exceptionally heavy movement during the October-December period last year. Hog slaughter in the first 6 months (October-March) of the 1941-42 marketing year probably will total about the same or slightly less than in the first half of 1940-41. But because of the expected increase in this year's fall pig crop, slaughter in the last half of the marketing year (April-September) will be larger than in corresponding months of 1940-41.

Indications now point to a total inspected hog slaughter during 1941-42 of about 50 million head, about 2.5 million more than in each of the preceding 2 years. Further improvement in domestic demand and Government purchases of pork and lard are expected to more than offset the effects of this

moderate increase in supplies, and hog prices in 1941-42 will average higher than in 1940-41.

Marketings of slaughter cattle have been of record proportions during the past 2 months, apparently reflecting a heavy movement of grain-fed steers and heifers. This may reduce somewhat the expected large increase in supplies of such cattle during the late summer and early fall. But marketings of grass-fat cattle will increase seasonally during the next few months and total slaughter supplies of cattle are expected to continue larger than a year earlier. The general level of cattle prices probably will continue at least as high as a year earlier during the remainder of 1941, but prices of well-finished cattle are not expected to advance as sharply as they did in the last half of 1940.

Marketings of sheep and lambs will increase seasonally during the next few months as new-crop lambs reach market weights. Weather and feed conditions have been exceptionally favorable during the past spring, and it is likely that the 1941 lamb crop will be as large as that of 1940, if not slightly larger. Slaughter supplies in the 1941 grass-lamb marketing season (May-November) probably will not differ greatly from those of a year earlier, however. Further improvement in consumer demand will be a strong price-supporting factor during the next few months, and prices of lambs this summer and fall probably will continue higher than a year earlier.

Slaughter supplies of all livestock were reduced in June. Slaughter of hogs was materially smaller than a year earlier for the first time in 4 months. But sheep and lamb slaughter was about the same as a year earlier, and cattle slaughter, as in May, was the largest for the month on record. Total meat production from commercial slaughter in the first half of 1941 was slightly larger than a year earlier. Inspected hog slaughter during

the period was 7 percent smaller than in January-June 1940, but the decrease in pork production was a little more than offset by an increase of about 8 percent in beef production.

Hog prices have advanced steadily for the past 3 months, and in mid-July they were the highest they have been since 1937. The rise during recent weeks has been due partly to a seasonal reduction in hog supplies, but general improvement in domestic demand and purchases of pork and lard under the food-for-defense program also are important factors responsible for the higher level of hog prices this summer than last.

Prices of heavy, well-finished steers have followed a marked downward trend since last January, whereas prices of the lighter weights and lower grades of slaughter cattle have advanced or held about steady. Well-finished steers are now low relative to other classes and grades of slaughter cattle. Prices of lambs have fluctuated considerably in recent weeks, but they have not declined as much as they usually do after the market movement of new-crop lambs gets under way.

-- July 18, 1941

REVIEW OF RECENT DEVELOPMENTS

HOGS

Hog prices higher in early July

After having advanced sharply in early June, hog prices weakened a little on the last few days of the month. Prices advanced sharply again during early July, however, and they are now the highest they have been in about 4 years. The average price of all hogs at Chicago for the week ended July 12 was $10.70. This compares with $9.50 in mid-June, $8.90 in mid-May, and $6.20 in the corresponding week of 1940. A top price of $12.00 was reached on July 17. In addition to the continued strong demand for hog products, the sharp advance in hog prices during the past 2 months reflects a marked seasonal reduction in the weekly rate of hog marketings.

The spread between prices of butcher hogs and packing sows has widened in the past few weeks as marketings of sows have increased seasonally. Prices

of heavy butcher hogs are also lower relative to light-weight hogs than they were in late May when the spread between prices of the different weight groups was exceptionally narrow.

The average price of feeder pigs at Sioux City in early July was about the same as the price of medium-weight butcher hogs. A year ago the price of feeder pigs was $1.50 - $2.00 lower than the price of butcher hogs. The improvement in the hog-corn price ratio in recent months accounts for the decrease in the spread between prices of feeder and butcher hogs.

Hog-corn price ratio improved

Prices of both corn and hogs have advanced steadily during the past 4 months. The rise has been more pronounced for hogs than for corn, however, and this has been reflected in considerable improvement in the hog-corn price ratio. The average price of hogs at Chicago in March was $7.65, and the average price of No. 3 Yellow corn was 65-1/2 cents. The hog-corn price ratio for the month was 11.6, which is about the long-time average or the dividing line between a favorable and an unfavorable relationship between hog and corn prices. From March to early July, corn prices advanced about 8-1/2 cents but hog prices rose about $3.00, and the hog-corn price ratio based on Chicago average prices for the week ended July 12 was 14.4, the highest it has been since October 1939.

Hog marketings decreased in June

Marketings of hogs decreased somewhat more than the average seasonal amount during June, and for the first time in 4 months they were materially smaller than a year earlier. Federally inspected slaughter for the month totaled 3,336,000 head, 17 percent less than in May and 14 percent less than in June last year. Inspected hog slaughter in the first three quarters of the 1940-41 marketing year (October-June) totaled a little over 39 million head, or about 3 percent more than in the corresponding period of 1939-40.

The proportion of packing sows in total hog marketings has increased seasonally during the past 6 weeks, but it has continued smaller than a year earlier. In June about 13 percent of all hog purchases at seven important markets were of packing sows. This compares with 18 percent in June last year when total marketings were larger than this June. These figures together with total slaughter indicate that marketings of packing sows during May and June were only a little more than half as great as in those 2 months last year. This reduction reflects an increase in the number of sows bred to farrow this fall and the likelihood that the average farrowing date of the spring pig crop was a little later this year than last.

Average weights of hogs marketed are continuing a little heavier than a year earlier. In early July the average weight of barrows and gilts purchased at seven important markets was about 5 pounds heavier than a year earlier and that of packing sows about 20 pounds heavier.

Pork stocks reduced during June;
lard stocks reach new record

Cold-storage holdings of pork were reduced seasonally during June, reflecting the material reduction in marketings and slaughter of hogs during the month. The net out-of-storage movement during June amounted to about 93 million pounds, reducing total holdings on July 1 to 705 million pounds. This quantity was about 18 percent larger than a year earlier and close to 50 percent larger than the 1935-39 July 1 average. Storage stocks of pork, not in processors' hands, held by the Department of Agriculture on July 1 totaled 3 million pounds.

Lard stocks reached a new all-time high on July 1. A small net in-storage movement of lard during June raised total storage holdings on July 1 to 368 million pounds, 20 percent more than a year earlier and 180 percent more than the 1935-39 July 1 average. Lard stocks ordinarily reach a peak for the year about July and then decline during the fall and early winter when lard production is seasonally small. During the past 2 years the net in-storage movement of lard during the spring and summer has been exceptionally large, and lard stocks have been built up to an exceptionally high level. The amount of lard in storage, outside of processors' hands, held by the Department of Agriculture on July 1 was 40 million pounds.

Storage holdings of pork and lard on the first of the month, average 1934-35 to 1938-39, 1939-40, and current marketing year

Month	Pork: Average 1934-35 to 1938-39	Pork: 1939-40	Pork: 1940-41	Lard: Average 1934-35 to 1938-39	Lard: 1939-40	Lard: 1940-41	Rendered pork fat 1940-41
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Oct.	344.6	300.2	329.2	87.6	78.8	235.7	1/
Nov.	323.7	272.7	303.7	69.6	68.7	223.2	1/
Dec.	378.9	332.3	408.9	71.8	89.0	232.5	5.1
Jan.	502.0	469.5	656.2	95.6	162.1	287.0	7.1
Feb.	584.6	588.6	739.9	120.5	202.2	299.6	7.2
Mar.	603.7	650.7	791.9	126.7	256.6	317.4	9.2
Apr.	580.1	652.7	785.4	129.9	268.8	310.4	8.3
May	561.3	612.0	795.9	129.1	266.1	321.1	6.6
June	515.7	592.6	798.5	129.4	283.9	366.1	7.8
July	474.7	598.5	2/ 705.1	130.2	306.8	2/ 367.9	2/ 7.7
Aug.	422.6	548.7		121.2	303.2		
Sept.	361.9	417.6		101.8	272.3		

1/ Not distinguished from lard prior to December 1940.
2/ Preliminary.

Purchases of pork and lard by the Department of Agriculture

Purchases of pork and lard by the Department of Agriculture since March 17 now total slightly more than 300 million pounds. A little over half the amount has been lard, and about one-third of the pork has been canned. In addition to the pork and lard, 11,000 pounds of dried beef and approximately 2 million pounds of hog casings have been bought under the food-for-defense program.

As indicated in the accompanying table, purchases were made in the largest amounts during May when hog slaughter was fairly large. Slaughter decreased sharply in June and early July, and the rate of purchases has been reduced. The quantities of hog products purchased so far are roughly equivalent to about 9 percent of the pork and 34 percent of the lard (excluding rendered pork fat) produced under Federal inspection during the 4 months March-June.

Purchases of pork and lard by the Department of Agriculture, March-July

Period	Pork: Cured and frozen	Pork: Canned	Lard	Total pork and lard
	Pounds	Pounds	Pounds	Pounds
Month:				
Mar.	---	---	37,507,200	37,507,200
Apr.	31,458,500	15,005,884	31,258,400	77,722,784
May	48,475,000	28,116,946	64,811,631	141,403,577
June	10,085,000	6,604,288	19,442,384	36,131,672
Week ended:				
July 5 ..	1,775,000	1,854,090	2,800,000	6,429,090
July 12 ..	3,425,000	4,619,000	---	8,044,000
Total ...	95,218,500	56,200,208	155,819,615	307,238,323

Lard exports decreased in May

Exports of lard totaled 10.7 million pounds in May. They were about half as large as in April and 30 percent smaller than in May last year. Pork exports during May of 3.5 million pounds were slightly larger than a month earlier but about the same as a year earlier.

CATTLE

Prices of well finished slaughter cattle weakened further in early July

Prices of all grades of slaughter cattle strengthened moderately in early June. The advance has been mostly maintained for the lower grades of slaughter steers and cows and heifers, but prices of the upper grades of slaughter steers have weakened again during the past 4 weeks.

Although prices of all slaughter cattle are still higher than a year earlier, prices of heavy, well-finished steers have declined sharply since last January. On the other hand, prices of the lighter weight and lower grade slaughter cattle have advanced or held about steady in recent months. The spread between prices of the upper and lower grades of slaughter cattle ordinarily narrows seasonally during the spring and early summer, but the spread has narrowed much more than usual this year. And the relationship between prices of the different classes and grades of slaughter cattle is much different from the usual relationships.

Cattle prices by classes, weights, and grades for specified periods at Chicago, per 100 pounds

Classification of cattle			Week ended: July 12 1941	Week ended: June 14 1941	Month: Jan. 1941	Month: July 1940	Month: July 1930-39 average 1/
			Dollars	Dollars	Dollars	Dollars	Dollars
Steers,	choice	1,300-1,500 lb.	11.10	11.70	14.45	11.20	10.20
		1,100-1,300 "	11.50	12.30	14.40	11.20	10.15
		900-1,100 "	11.70	12.40	14.30	11.05	10.05
		750- 900 "	11.70	12.40	13.70	10.85	9.65
	good	1,300-1,500 "	10.45	10.55	12.35	10.25	9.15
		1,100-1,300 "	10.60	11.05	12.35	10.20	9.10
		900-1,100 "	10.85	11.25	12.30	10.20	9.00
		750- 900 "	10.90	11.25	11.95	10.15	8.85
	medium	1,100-1,300 "	9.55	9.90	9.95	8.95	7.85
		750-1,100 "	9.75	10.00	9.90	8.95	7.70
	common	750-1,100 "	8.40	8.85	8.20	7.55	6.25
Heifers,	choice	750- 900 "	11.55	11.30	12.55	10.55	8.70
	good	750- 900 "	11.80	10.40	10.90	9.70	
	medium	500- 900 "	9.80	9.60	9.10	8.85	6.20
	common	500- 900 "	8.60	8.60	7.55	6.95	
Cows,	good	All weights	8.60	8.70	7.90	7.30	5.85
	medium	" "	7.75	8.15	6.85	6.30	4.65
	cutter and common	" "	6.65	7.30	5.65	5.25	
	canner	" "	5.50	6.40	4.60	4.20	3.40
Beef bulls,	good	" "	9.05	8.80	7.95	7.25	5.80
Sausage bulls,	good	" "	9.05	8.80	7.75	7.05	5.00
Vealers,	good and choice	" "	11.55	11.30	12.25	9.90	8.15
Feeder steers 2/			9.55	9.91	10.15	8.10	5.95

1/ The classification of weights and grades for which prices are reported have been changed somewhat during the 10-year period, 1930-39. The average prices given here are for those weights and grades most nearly approximating those listed in this table.
2/ Average all weights and grades at Kansas City.

As is shown in the accompanying table, choice grade steers weighing 1,300-1,500 pounds are now selling at prices 50-75 cents lower than light-weight steers of comparable quality and only a little higher than prices of light weight steers of a lower grade. A year ago the price advantage was in favor of the heavy steers. Also steer prices in general are now low relative to prices of other slaughter cattle. In mid-July good and choice grade heifers were about as high as steers of similar finish and quality. Prices of heavy, well-finished steers are now only a few cents higher than a year ago. But light-weight, medium and common grade steers are around $1.00 higher than in last July; heifers are $1.00-$1.75 higher; cows are around $1.50 higher; and bulls are close to $2.00 above the July level last year.

Prices of feeder cattle have declined about $1.25 since early April in response to the decline in prices of fat cattle. However, prices of feeder steers are still high relative to prices of slaughter steers. The average price of feeder steers at Kansas City for the week ended July 11 was $9.55, compared with $10.50 in early April and $8.50 in the corresponding week of 1940.

Cattle slaughter large in June

Marketings of slaughter cattle decreased moderately in June but continued exceptionally large for this time of the year. The total number of cattle slaughtered under Federal inspection during the month was 867,000 head, 4 percent less than in May but 18 percent more than in June last year. As in May, it was the largest commercial slaughter for the month on record. Inspected cattle slaughter in the first 6 months of 1941 totaled 8 percent greater than a year earlier, and the production of beef under Federal inspection was the largest for the period on record. Although the increase in cattle slaughter over a year earlier is almost entirely in cows and heifers, the large slaughter of the past 2 months apparently reflects increased marketings of grain-fed cattle. The market movement of grass-fat cattle from the range States has not yet got under way in volume.

Inspected calf slaughter of 440,000 head in June was seasonally smaller than in May and about the same as in June last year. Calf slaughter in the first half of 1941 was only slightly larger than that a year earlier.

LAMBS

Lamb prices declined little during June and early July

Lamb prices have fluctuated considerably during the past 2 months, but they have continued higher than a year earlier and have not declined as sharply as they usually do after the market movement of new crop lambs gets under way. The average price of good and choice grade slaughter lambs at Chicago for the week ended July 12 was 11.50. This compares with $12.00 in mid-June and 10.15 in mid-July last year. Prices of ewes and shorn yearling wethers are now around 50 cents-$1.00 higher than a year earlier. Some contracting of lambs for fall delivery in the Western sheep States has been reported at prices ranging around $1.00 higher than in July last year.

Sheep and lamb slaughter decreased
in June

Marketings of sheep and lambs decreased fairly sharply in June. Federally inspected slaughter for the month totaled 1,378,000 head, 11 percent less than in May but about the same as in June last year. The number of sheep and lambs slaughtered under Federal inspection during the first 6 months of 1941 totaled about 6 percent more than in the first half of 1940.

CASH INCOME AND PRICES RECEIVED BY FARMERS FOR MEAT ANIMALS

The index of prices received by farmers for meat animals advanced 6 points from mid-May to mid-June, chiefly as a result of a further sharp rise in hog prices. Prices received by farmers for beef cattle and lambs averaged a few cents higher in June than a month earlier, but the price of calves was unchanged and sheep prices were a little lower than in May.

Cash farm income received by farmers for meat animals increased moderately from April to May as larger total marketings of livestock were accompanied by about steady prices. The preliminary estimate of May cash income was 28 percent higher than a year earlier. Marketings of all livestock decreased in June, but the effect upon cash income for the month will be at least partly offset by a material increase in hog prices, and income will continue above a year earlier. Prices received by farmers for other livestock did not change greatly from May to June.

Cash income and prices received by farmers for meat animals, specified months and periods, 1940-41

Item	Unit	1940		1941			
		Jan.-May	June	Jan.-May	Apr.	May	June
United States average price received by farmers for:	Dol.per						
Hogs	cwt.	5.05	4.82	7.55	8.01	8.19	8.98
Beef cattle	" "	7.24	7.10	8.43	8.60	8.52	8.63
Veal calves	" "	8.82	8.46	9.86	9.84	9.90	9.90
Sheep	" "	4.04	3.81	4.74	5.11	4.90	4.62
Lambs	" "	7.92	8.12	8.80	9.09	9.05	9.14
Index of prices received by farmers for all meat animals	1/	104	102	133	137	138	144
Cash farm income from meat animals	Mil.dol.	907	162	1,168	247	2/249	

1/ Base period, August 1909-July 1914 = 100.
2/ Preliminary.

OUTLOOK FOR FEED SUPPLIES IN 1941-42

Stocks of grain on hand and growing conditions up to July 1 indicated that 1941-42 supply of feed grains and hay will again be much above

average, if not the largest in 20 years. The indicated production of four feed grains, plus carry-over of oats, July 1, barley June 1, and expected corn carry-over next October 1, is about 3 or 4 million tons larger than the corresponding 1940 supply of 122 million tons. The corn supply is expected to approximate 3,200 million bushels for the fourth time in 20 years. The oats supply is now indicated to be about 1,436 million bushels and the barley supply about 409 million.

Even after excluding corn sealed or held by the Government and allowing for an increase in the number of grain-consuming animal units, supplies of feed grains per animal unit in 1941-42 will be above the 1928-32 average. Stocks of corn under loan or owned by the Government on October 1 are expected to be considerably smaller than on October 1, 1940, and unsealed stocks somewhat larger. The 1941 hay supply is indicated to be 107 million tons, slightly over the supply last year, and the largest on record.

Forage conditions in the Western range States are the best this summer in 19 years. Rains during May and June have provided sufficient moisture for very good summer feed and a good growth of fall and winter ranges. Stock water also is ample. The condition of cattle and sheep in the range States on July 1 was well above average. Both the calf crop and lamb crop in this region are reported to have developed well.

HOGS - OUTLOOK

BACKGROUND.- Hog production and hog prices tend to fluctuate in cycles of 4 or 5 years, small or large supplies being reflected in correspondingly high or low prices, and this in turn being followed by an increase or decrease in production. Hog production recovered quickly from the effects of the 1934 and 1936 droughts, and in 1939 the largest pig crop on record was raised. In late 1939 and early 1940 hog prices declined to the lowest level reached since 1934.

Downward trend in hog production halted

Hog production reached a peak in 1939 with the largest pig crop on record raised in that year. But the accompanying low level of hog prices and unfavorable hog-corn price ratio were reflected in an 8-percent reduction in the 1940 pig crop. Indications in late 1940 were that some further reduction might occur in the number of pigs raised in 1941. However, domestic demand improved materially during 1940-41, and hog prices rose sharply in January 1941. In late December 1940 and subsequently, the Department of Agriculture pointed out that, with favorable prospects for expanding demand, an increase in hog production was desirable. And the 1941 spring pig crop, instead of being reduced 10 to 15 percent as was indicated in early December, is now estimated to be about the same as that of 1940. Since early April Government purchases of hog products under the food-for-defense program have given further support to hog prices, and with farmers assured of a fairly high level of prices during the next year, indications now are that the 1941 fall pig crop will be materially increased.

1941 spring pig crop little changed from that of 1940

The number of pigs saved during the spring of 1941 totaled slightly more than 50 million head, according to the June pig crop report released recently by the Agricultural Marketing Service. As is shown in the accompanying table, this is practically the same as the revised estimate of the number of pigs saved in the spring of 1940. The number of pigs saved in the Corn Belt was slightly larger this spring than last but this increase was about offset by decreases in other regions.

Spring pig crop, average 1929-33, annual 1940 and 1941

Region	Pigs saved				Pigs saved per litter	
	1929-33 average	1940	1941	1941 as percentage of 1940	1940	1941
	Thousands	Thousands	Thousands	Percent	Number	Number
East North Central	11,917	14,198	14,403	101	6.15	6.60
West North Central	29,485	24,009	24,503	102	6.11	6.39
North Central	41,402	38,207	38,906	102	6.13	6.47
North Atlantic	695	842	730	87	6.08	6.33
South Atlantic	2,671	3,148	2,991	95	5.59	5.94
South Central	5,049	5,966	5,676	95	5.5[illegible]	5.89
Western	1,840	1,903	1,780	94	6.18	6.39
United States total	51,657	50,066	50,083	100	6.01	6.36

Compiled from reports of the Agricultural Marketing Service.

Increase in 1941 fall pig crop expected

On the basis of breeding intentions reported by farmers about June 1 and other considerations, an increase of 13 percent in the number of sows to farrow in the 1941 fall season (June-November) over a year earlier is indicated. About two thirds of this increase is in the western Corn Belt where hog production is still below the predrought level. If the number of pigs saved per litter this fall is about the same as in the fall of 1940, the spring and fall pig crops combined will total about 63 million head, 5 percent more than the 1940 pig crop.

Sows farrowed and pigs saved per litter, fall, average 1929-33, annual 1940 and 1941

Region	Sows farrowed: 1929-33 average	1940	1941 1/	1941 as percentage of 1940	Pigs saved per litter: 1929-33 average	1940
	Thousands	Thousands	Thousands	Percent	Number	Number
East North Central	1,302	1,522	1,631	107	6.34	6.65
West North Central	1,949	1,482	1,888	127	5.91	6.35
North Central	3,251	3,004	3,519	117	6.08	6.50
North Atlantic	106	115	112	96	6.47	6.60
South Atlantic	388	443	459	102	5.85	6.07
South Central	736	849	888	105	5.84	5.95
Western	222	211	245	116	6.01	6.32
United States	4,703	4,627	5,223	113	5.91	6.35

Compiled from reports of the Agricultural Marketing Service.

1/ Number indicated to farrow from breeding intentions reports.

Hog supplies in 1941-42

Indications based on the relationship between changes in the pig crop and hog slaughter in previous years and on other information now point to a federally inspected hog slaughter during 1941-42 of about 50 million head. The proportion of the 1941 spring pigs farrowed in May was larger than usual, and it is probable that the number of spring pigs marketed before October 1 this year will be relatively small. It is also possible that because of the material advance in hog prices during June, this year's fall crop may be larger than is indicated by breeding intentions reported by farmers about June 1.

Although the 1941 spring pig crop is estimated to be about the same as that of 1940, supplies of hogs this fall and early winter probably will be smaller than the exceptionally heavy movement during the October-December period last year. The 1941 spring pig crop in the western Corn Belt was a little larger than the 1940 spring pig crop, and spring pigs are usually marketed in this area in greatest numbers after January 1. This shift in production and the tendency to feed hogs to heavier weights probably will cause hog marketings in the first quarter (October-December) of 1941-42 to be smaller than in the corresponding period of 1940-41. It now appears likely that hog slaughter in the first 6 months (October-March) of the 1941-42 marketing year will be about the same as in the first half of 1940-41, if not slightly smaller. But because of the expected increase in the 1941 fall crop, marketings in the last half of the year (April-September) are expected to show an increase over the corresponding months a year earlier.

Hog prices in 1941-42

Present indications are that consumer demand conditions will continue to improve during the next year or so. Hog prices also will be supported by further purchases of pork and lard by the Government under the food-for-defense program. These factors are expected to more than offset the moderate prospective increases in supplies, and hog prices in 1941-42 will average higher than in 1940-41.

A seasonal decline in hog prices from the current relatively high level is expected after August or September when marketings of the 1941 spring pig crop get under way in volume. Prices will continue well above the level that prevailed last fall, however.

OUTLOOK - CATTLE

BACKGROUND.- Cattle numbers in the United States tend to fluctuate in cycles of about 15 years. The upward trend in cattle numbers after 1928 was halted by the droughts of 1934 and 1936, and numbers declined sharply until 1938. Since then cattle numbers have been increasing, and as a result of the holding back of breeding stock for herd-building purposes, slaughter of cattle and calves was reduced moderately in 1938 and 1939. Slaughter increased a little in 1940, however, and with numbers now approaching the 1934 level, slaughter can continue to increase at the same time that herds are being increased further.

Cattle slaughter in 1941

The February issue of The Livestock Situation pointed out that marketings of cattle for slaughter during 1941 probably would exceed those of 1940 by around 5 percent, with the amount of the increase depending to a large extent upon how large a number of breeding stock producers held back for herd-building purposes. So far in 1941 (January-June) cattle slaughter has exceeded that of a year earlier by about 8 percent, and it seems likely that the total number of cattle slaughtered under Federal inspection for the entire year will be somewhat more than 5 percent larger than in 1940.

With range conditions exceptionally favorable this year, the tendency to hold back breeding stock for herd-building purposes likely will continue strong in the Western States, and marketings of grass-fat slaughter cattle and feeder steers from that area this summer and fall probably will be in better than average finish.

Although marketings of fed cattle appear to have been quite large during the past 2 months, and this may reduce somewhat the expected large increase in supplies of such cattle during the late summer and early fall, the number of cattle remaining on feed still is believed to be quite large. A report on the number of cattle on feed in the Corn Belt on August 1 will be released by the Agricultural Marketing Service in mid-August.

Cattle prices during the remainder of 1941

The spread between prices of the upper and lower grades of slaughter cattle ordinarily widens during the late summer and fall. Prices of the

upper grades frequently advance in this period, and there is usually some weakness in prices of the lower grades. If marketings of well finished cattle continue large during the next few months, as now seems likely, the seasonal advance in prices of the upper grades of fed steers and heifers probably will not be as pronounced as it was in the last half of 1940. The average price of cattle slaughtered during the first 6 months of 1941 was close to $1.00 higher than a year earlier, despite materially larger supplies of cattle during this period. Consumer demand conditions are expected to improve further during the next 6 months, and even if supplies of cattle continue larger than in the last half of 1940 the general level of cattle prices probably will be as high as a year earlier, if not higher.

OUTLOOK - LAMBS

BACKGROUND.- The total number of stock sheep and lambs on farms and ranches has not fluctuated greatly during the past 10 years, although there has been a slight upward trend since 1935. The lamb crop in the Western Sheep States has increased moderately since 1935, but the crop in the Native Sheep States has changed little since 1931. The 1940 lamb crop totaled 32.7 million head, the largest crop in the 17 years of record.

Marketings of sheep and lambs will increase seasonally during the next few months as new-crop lambs reach market weights. Weather and feed conditions were exceptionally favorable during the past spring, and it is likely that the 1941 lamb crop will be as large as the crop a year earlier if not slightly larger. The total Western and Native lamb crop has not fluctuated greatly for the past several years, however, and no marked change from the 1940 crop is expected. The estimate of the 1941 lamb crop will be released in late July and will be discussed in the August issue of this report.

Slaughter supplies of sheep and lambs in the 1941 grass-lamb marketing season (May-November) probably will not differ greatly from those of a year earlier. In the past few years year-to-year changes in sheep and lamb slaughter during the May-November period have resulted largely from changes in the proportion of the crop marketed as feeder lambs or held back for marketing the following spring as shorn yearlings. Weather and feed conditions have been mostly favorable for the development of the lamb crop this spring and early summer, and the proportion of the crop reaching slaughter finish before late fall probably will be a little larger than a year earlier. This will tend to increase the supply of lambs for slaughter during the summer and fall over corresponding months of 1940.

The condition of sheep and lambs in the Western Sheep States on July 1 is reported to have been the best in several years. There is a good crop of late lambs which have made better than usual gains. Texas lambs have been held back a little by a rank growth of feed and some parasite trouble, but early lambs in the Northwest have made excellent gains, with Washington lambs moving a little early, while the movement of Idaho lambs during June was smaller than in June last year.

Lamb prices probably will decline seasonally during the next several months. The decline is not expected to be as sharp as it was last summer,

however. Further improvement in consumer demand conditions and higher prices for wool than a year earlier will be strong price-supporting factors this summer and fall, and lamb prices are expected to average higher than in the corresponding months of 1940.

THE WOOL SITUATION 1/

Mill consumption of wool in the United States has been at record levels in recent months, and imports of apparel wool also have been the largest in at least 20 years. Present indications are that mill consumption will continue large during the remainder of 1941, but no material change in domestic prices is expected during the next few months. Reports indicate that most mills have already purchased domestic and foreign wool for their needs for the next several months. The major part of the 1941 domestic clip has already been sold by producers.

Domestic prices of wool have not changed much during the past few months following the marked advance in the last half of 1940. The average price received by farmers for wool in mid-June was 36.5 cents per pound, compared with 28.6 cents a year earlier. Prices received by farmers for the entire country in May and June this year were the highest reported since 1928. Price quotations on domestic wool at Boston were largely unchanged during June, and the volume of sales of domestic wool on the Boston market was small during the month. Some increase in sales was reported in late June as a result of the invitations for bids by the United States Army for a large quantity of wool piece goods and 1.5 million blankets.

The weekly rate of mill consumption of apparel wool in May was 10.3 million pounds, scoured basis. This is the highest rate for any month on record, and it is more than double the weekly rate of consumption in May 1940. In the early months of 1941, for the first time in many years, mill consumption of foreign wool exceeded consumption of domestic wool by a substantial margin.

Imports of apparel wool for consumption in the first 4 months of 1941 totaled 229 million pounds, compared with 78 million pounds in the corresponding months of 1940. Imports are likely to continue large during the remainder of this year. A large part of the imports in recent months has come from Argentina and Uruguay, but remaining stocks in those two countries are reported to be small. The new clip in South American countries will not be available until next November, and in the next few months a large part of the United States imports of wool will come from Australia.

1/ From the July issue of The Demand and Price Situation. For detailed information, copies of The Wool Situation can be obtained upon request to the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

United States pig crop: Sows farrowed, pigs saved per litter and total number of pigs saved, 1924-41

Year	Sows farrowed			Pigs saved per litter			Total number of pigs saved		
	Spring	Fall	Year	Spring	Fall	Year	Spring	Fall	Year
	Thousands	Thousands	Thousands	Number	Number	Number	Thousands	Thousands	Thousands
1924	9,799	4,344	14,143	5.12	5.49	5.24	50,218	23,847	74,065
1925	8,334	3,939	12,273	5.74	5.70	5.73	47,859	22,451	70,310
1926	9,048	4,330	13,378	5.59	5.74	5.64	50,579	24,865	75,444
1927	9,754	4,609	14,363	5.59	5.80	5.66	54,502	26,744	81,246
1928	9,301	4,430	13,731	5.63	5.93	5.73	52,390	26,292	78,682
1929	8,853	4,265	13,118	5.70	6.01	5.80	50,479	25,646	76,125
1930	8,277	4,072	12,349	5.96	6.09	6.00	49,332	24,803	74,135
1931	8,969	4,796	13,765	6.02	6.09	6.04	53,984	29,192	83,176
1932	8,811	5,179	13,990	5.79	6.08	5.90	51,031	31,494	82,525
1933	9,122	5,207	14,329	5.86	6.90	5.88	53,460	30,740	84,200
1934	6,825	2,936	9,761	5.82	5.81	5.82	39,698	17,068	56,766
1935	5,394	3,758	9,152	6.01	6.03	6.02	32,438	22,648	55,086
1936	6,921	3,856	10,777	5.96	6.14	6.02	41,234	23,683	64,917
1937	6,174	3,755	9,929	6.23	6.24	6.23	38,476	23,431	61,907
1938	6,827	4,372	11,199	6.36	6.32	6.35	43,450	27,651	71,101
1939	8,695	5,192	13,887	6.12	6.30	6.19	53,207	32,687	85,894
1940	8,333	4,627	12,960	6.01	6.35	6.13	50,066	29,386	79,452
1941 1/	7,876	2/ 5,223		6.36			50,083		

Compiled from reports of the Agricultural Marketing Service.

1/ Preliminary.
2/ Number indicated to farrow from breeding intentions reports.

Supplies of hogs and hog products, specified periods

Item	Unit	May 1940	1941 Apr.	1941 May	Oct.-Sept. Average 1928-29 to 1932-33	Oct.-Sept. 1938-39	Oct.-Sept. 1939-40	Oct.-May 1939-40	Oct.-May 1940-41
Hog slaughter under Federal inspection	Thousands								
No. slaughtered 1/		3,890	3,807	4,023	46,363	39,720	47,651	34,332	35,941
Live weight:									
Average	Lb.	233	237	239	231	234	234	231	233
Total	Mil. lb.	907	903	963	10,723	9,311	11,142	7,936	8,340
Total dressed wt.	" "	676	680	723	8,069	6,975	8,303	5,931	6,231
Yield of lard per 100 lb. live wt. of hogs	Lb.	13.5	14.0	14.6	15.2	2/ 12.8	2/ 13.2	13.6	13.2
Lard production 3/	Mil. lb.	122	126	140	1,630	1,187	2/1,485	1,085	1,094
Exports: 4/									
Pork	" "	4	3	4	211	125	115	101	24
Lard	" "	15	22	11	657	270	232	171	119
Imports of pork 4/	" "	1	3	5/	6	50	7	6	5/
Proportion of sows in inspected slaughter 6/	Pct.	50.6	48.0	49.1	51.2	49.3	50.0	47.1	48.1

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry. 2/ Revised figures based on the amount of lard rendered in federally inspected plants as reported by the Bureau of Animal Industry. 3/ Includes rendered pork fat. 4/ United States Department of Commerce. Pork includes bacon, hams, and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard. 5/ Not available. 6/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit	June 1940	1941 May	1941 June	Oct.-Sept. Average 1928-29 to 1932-33	Oct.-Sept. 1938-39	Oct.-Sept. 1939-40	Oct.-June 1939-40	Oct.-June 1940-41
Av. price, all purchases:	Dol. per 100 lb.								
Seven markets		4.83	8.84	9.73	1/	6.85	5.54	5.36	7.50
Chicago	" "	4.98	8.96	9.79	6.99	7.00	5.69	5.52	7.64
Av. price of barrows and gilts, Chicago	" "	5.17	9.00	9.88	1/	7.23	5.86	5.62	7.72
United States average price received by farmers	" "	4.82	8.19	8.98	6.48	6.70	5.44	5.28	7.08
Av. price of No. 3 Yellow corn, Chicago	Ct. per bu.	66	72	74	62	49	60	58	66
Hog-corn price ratio:									
Chicago 2/	Bu.	7.6	12.5	13.3	11.6	14.4	9.6	9.7	11.5
N. Central States	"	8.1	13.3	14.1	12.9	16.6	10.6	10.7	12.8
Proportion of packing sows in total packer & shipper purchases, 7 markets 3/	Pct.	18.0	5.0	13.0	1/	13.0	12.0	8.0	7.0
Av. weight at 7 markets	Lb.	249	246	252	1/	247	244	241	241

Compiled from reports of Agricultural Marketing Service.
1/ Not available. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from weekly averages.

Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Year: Average 1924-33	Year: 1940	Month: 1940 May	Month: 1940 June	Month: 1941 Apr.	Month: 1941 May	Month: 1941 June
Slaughter under Federal inspection:								
Number slaughtered:	Thousands							
Cattle 1/	Thousands	8,850	9,756	796	738	792	908	867
Calves 1/	"	4,819	5,359	501	437	507	501	440
Cows and heifers 2/	"	4,181	4,431	313	297	329	369	
Steers 2/	"	4,340	4,866	448	403	430	496	
Average live weight:								
Cattle	Pounds	953	940	945	937	962	959	
Calves	"	176	191	169	185	173	180	
Total dressed weight:								
Cattle	Mil.lb.	4,532	4,971	418	385	423	487	
Calves	" "	487	568	49	45	50	52	
Inspected shipments: 1/	Thousands							
Feeder cattle and calves	Thousands	2,894	3,162	166	156	204	171	
Imports:								
Cattle 3/	"	253	644	87	40	93	4/	
Canned beef 5/	Mil.lb.	6/ 36	61	9	5	7	9	

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry. 2/ Also included in cattle slaughter. 3/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption. 4/ Not available. 5/ United States Department of Commerce. Imports for consumption. 6/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, June 1941, with comparisons

Item	June average 1924-33	June 1939	June 1940	1941 Apr.	1941 May	1941 June
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Beef steers sold out of first hands at Chicago:						
Choice and Prime	10.83	10.03	10.31	12.57	11.56	11.32
Good	10.10	9.29	9.57	11.07	10.54	10.74
Medium	9.23	8.54	8.84	9.68	9.60	10.03
Common	7.96	7.67	7.69	8.50	8.50	8.76
All grades	9.87	9.22	9.69	10.67	10.23	10.62
Cows, Chicago:						
Good	1/ 7.07	7.15	7.55	8.41	8.54	8.64
Cutter and Common, and Canner	2/ 4.19	2/ 5.19	5.22	5.88	6.36	6.10
Vealers, Chicago:						
Good and Choice	9.93	8.66	9.51	11.24	11.66	11.11
Stocker and feeder steers, Kansas City:						
Average price all weights	3/ 7.49	7.94	8.05	10.33	10.06	9.90
Average price paid by packers:						
All cattle	8.01	7.77	8.12	9.06	9.01	
Steers	4/	8.89	9.30	10.23	10.21	
Calves	8.78	8.16	8.40	9.97	10.25	

Compiled from reports of Agricultural Marketing Service.
1/ Good and Choice, 1924-27. 2/ Canner and Cutter, 1924-June 1926; Low Cutter and Cutter July 1926-July 1939. 3/ Average 1925-33. 4/ Not available.

Supplies of sheep and lambs, specified periods

Item	Unit	Year: Av. 1924-33	Year: 1940	Month: Av. 1924-33: May	Av. 1924-33: June	1940: May	1940: June	1941: Apr.	1941: May	1941: June
Slaughter under Federal inspection										
Sheep and lambs:										
Number slaughtered 1/	Thousands	14,737	17,351	1,192	1,216	1,420	1,378	1,436	1,551	1,378
Average live weight	Lb.	81	86	80	75	83	79	93	87	
Average dressed weight	"	39	41	38	37	40	38	43	42	
Total dressed weight	Mil. lb.	569	702	46	45	57	52	62	65	
Lambs and yearlings:										
Number slaughtered	Thousands	13,678	16,253	1,031	1,125	1,319	1,293	1,379	1,457	
Percentage of total sheep and lambs	Pct.	92.8	93.7	90.7	92.5	92.9	93.8	96.0	93.9	

Compiled from reports of Agricultural Marketing Service, except as specified.
1/ Bureau of Animal Industry.

Prices per 100 pounds of sheep and lambs, by months, April-June 1939-41

Item	1939: Apr.	1939: May	1939: June	1940: Apr.	1940: May	1940: June	1941: Apr.	1941: May	1941: June
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs:									
Chicago -									
Good and choice 1/	9.98	2/10.55	2/9.94	10.39	3/10.47	2/10.94	10.89	2/11.32	2/11.81
Slaughter ewes:									
Chicago -									
common and medium	4.30	3.00	2.14	3.78	3.22	3.00	5.12	4.27	2.91
Feeding lambs, Omaha:									
Good and choice	---	---	---	---	---	8.77	---	---	9.78
Average price paid by packers:									
Sheep and lambs	9.19	8.94	8.69	9.47	9.04	9.17	10.02	9.66	
Average price received by farmers:									
Sheep	4.19	3.94	3.67	4.15	4.02	3.81	5.11	4.90	4.62
Lambs	7.88	8.02	7.49	8.14	8.25	8.12	9.09	9.05	9.14

Compiled from reports of Agricultural Marketing Service.
1/ Lots averaging within top half of good grade.
2/ Spring lambs.
3/ Wooled lambs.

Index numbers of income of industrial workers, and cash income from meat animals, specified periods

Item	Calendar year: 1938	Calendar year: 1939	Calendar year: 1940	May 1940	1941: Apr.	1941: May
Income of industrial workers (1924-29 = 100)	73	1/ 84	1/ 95	1/ 88	112	2/ 123
Cash farm income from meat animals: (1924-29 = 100)	78	81	1/ 85	1/ 90.5	114.5	2/ 118.0

1/ Revised. 2/ Preliminary.

PRICE OF HOGS AT CHICAGO, INSPECTED HOG SLAUGHTER, AND INDEX NUMBERS OF INCOME OF INDUSTRIAL WORKERS, UNITED STATES, 1929-41

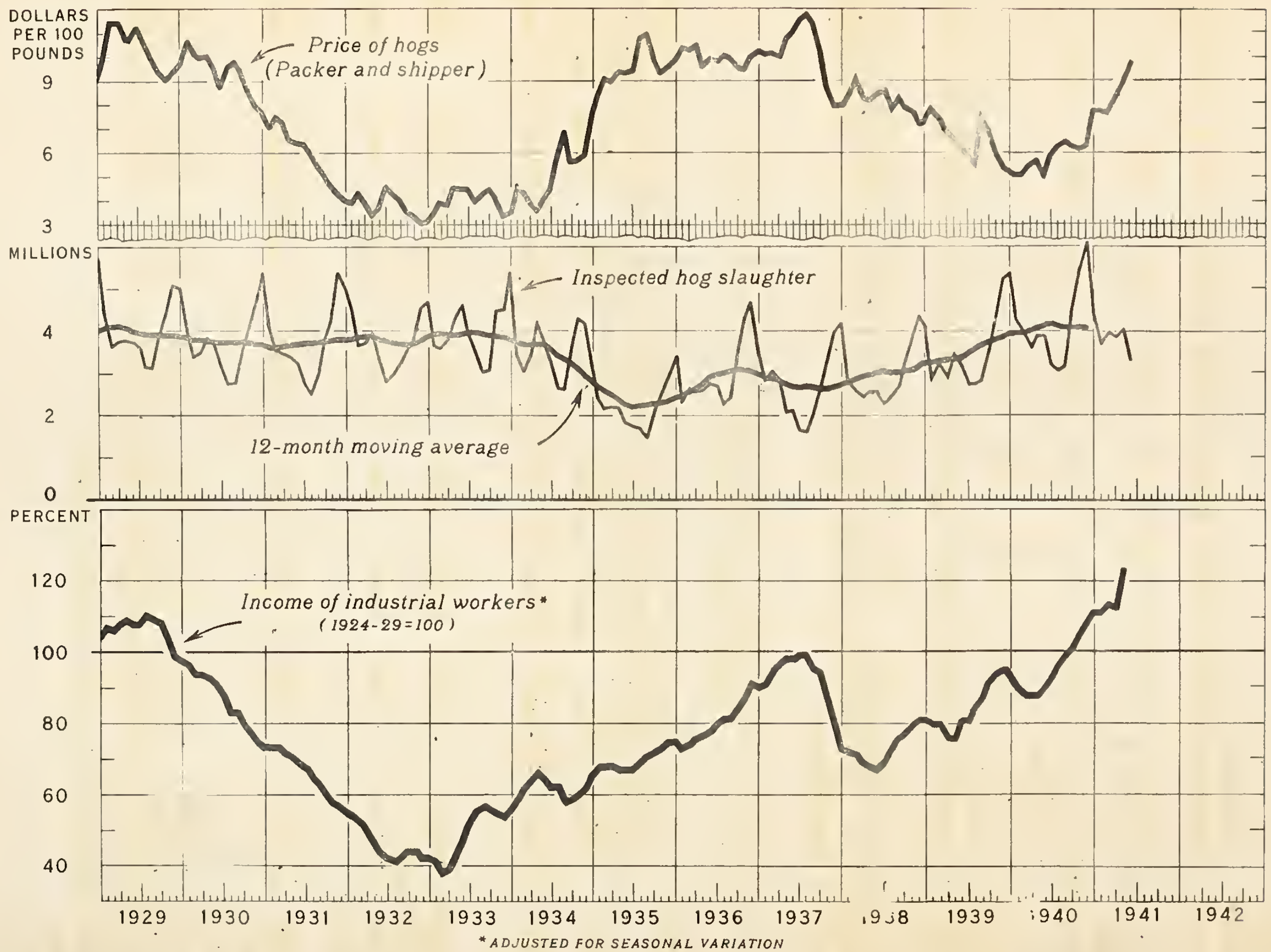

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FIG. 2- HOG PRICES HAVE ADVANCED SHARPLY DURING THE PAST SEVERAL MONTHS, AND THEY ARE NOW THE HIGHEST THEY HAVE BEEN SINCE 1937. THE INCREASE OVER A YEAR EARLIER REFLECTS CHIEFLY THE IMPROVEMENT IN DOMESTIC DEMAND CONDITIONS DURING THE PAST YEAR AND GOVERNMENT PURCHASES OF PORK AND LARD SINCE LAST MARCH. THE ADVANCE IN PRICES DURING JUNE AND EARLY JULY WAS PARTLY THE RESULT OF A SEASONAL REDUCTION IN THE WEEKLY RATE OF HOG MARKETINGS DURING THAT PERIOD.